

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 DOTE-00 DODE-00 PM-04

H-01 L-03 NSC-05 PA-01 PRS-01 SS-15 /084 W

-----252231Z 042256 /73

R 252041Z JAN 77

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 6358

INFO AMEMBASSY LIMA

AMEMBASSY QUITO

AMEMBASSY SANTIAGO

AMEMBASSY LA PAZ

AMEMBASSY BOGOTA

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EO 11652 NA

WGS: E IND ECIN VE

SUBJ: CONTROVERSY MOUNTS OVER ANCOM AUTO ASSIGNMENTS

REF: BOGOTA 601; CARACAS 359

1. CRITICISM OF ANCOM AUTOMOBILE PRODUCTION POLICY HAS APPEARED IN THE PRESS FOLLOWING THE VISIT LAST WEEK OF THE ANCOM JUNTA TO THIS COUNTRY. DURING THEIR BRIEF VISIT, THE JUNTA MEMBERS MET WITH GOVT OFFICIALS AND BRIEFED MEMBERS OF FEDECAMARAS, THE NATIONAL ORGANIZATION WHICH SPEAKS FOR BUSINESS INTERESTS IN THIS COUNTRY.

2. FOLLOWING THE FEDECAMARAS MEETING, CRISTOBAL RANGEL, PRESIDENT OF THE VENEZUELAN AUTOMOBILE INDUSTRY ASSOCIATION, PUBLICLY DESCRIBED ANCOM AUTO PRODUCTION ASSIGNMENTS AS PREJUDICIAL TO VENEZUELAN INTERESTS. HE NOTED THAT VENEZUELA DOMINATED THE ANDEAN COMMUNITY BOTH IN TERMS OF PRODUCTION AND SIZE OF MARKET, AND SAID THE LIMITATIONS PLACED ON VENEZUELAN AUTO

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PRODUCTION BY THE PROPOSED PLAN WERE NOT CONSISTENT WITH SECTOR DEVELOPMENT PLANS OR CURRENT PRODUCTION PROGRAMS. HE WAS ESPECIALLY CRITICAL OF THE FACT THAT VENEZUELA WAS NOT ASSIGNED PRODUCTION OF B-2 TRUCKS (LIGHT PICKUPS). NOTING THAT 46PERCENT OF TRUCK PRODUCTION IN VENEZUELA (OR 17,500 UNITS) IN 1975 CONSISTED OF VEHICLES OF THIS TYPE, HE SAID AN ESTIMATED DEMAND IN THIS COUNTY WOULD REACH 20,000 UNITS BY

1980. IT WAS UNREALISTIC, THEREFORE, TO EXPECT VENEZUELA NOT TO PRODUCE THESE VEHICLES.

3. ONE SOURCE WHO ATTENDED THE FEDECAMARAS BRIEFING LAST THURSDAY TOLD US THAT THE JUNTA'S PROPOSALS WERE NOT WELL RECEIVED GENERALLY. FERNANADEZ, SPOKESMAN FOR THE ANCOM DELEGATION, WAS REPORTEDLY FORCED TO ADMIT THAT ANCOM'S COUNTRY PRODUCTION ASSIGNMENTS WERE BASED ON 1974 PRODUCTION AND MARKETING STATISTICS. HE WAS REMINDED THAT THERE HAD BEEN DYNAMIC GROWTH IN THE VENEZUELAN AUTO INDUSTRY IN THE PAST THREE YEARS, AND THAT LATER FIGURES SHOULD BE USED.

4. THE OFFICIAL GOVT POSITION OF THE JUNTA'S PROPOSALS WAS OUTLINED BY REINALDO FIGUEREDO, PRESIDENT OF THE FOREIGN TRADE INSTITUTE. NOTING THAT THERE WAS OPPOSITION TO THE AUTO PRODUCTION SCHEME IN VENEZUELA, ESPECIALLY FROM INDUSTRY SOURCES, HE EXPRESSED CONFIDENCE THAT VENEZUELA WOULD ACCEPT THE PROPOSALS SOON AND THAT OTHER ANCOM MEMBERS WULD FALL INTO LINE SHORTLY THEREATER. HE DESCRIBED THE ISSUE AS AN URGENT ONE AND SAID APPROVAL BY ALL MEMBER COUNTRIES IN 1977 WAS IMPORTANT TO THE REVITALIZATION OF THE INTEGRATION PROCESS.

5. COMMENT: ACCORDING TO INDUSTRY SOURCES, THIS COUNTRY'S AUTO INDUSTRY HAS THE CAPACITY TO PRODUCE 200,000 UNITS ANNUALLY, AND PRODUCED AN ESTIMATED 160,000 UNITS IN 1976. BY 1980, PRODUCTION IS EXPECTED TO EXCEED 200,000 UNITS. THE PRODUCTION QUOTAS REPORTED IN BOGOTA 601 TOTAL LESS THAN ESTIMATED CURRENT PRODUCTION. GIVEN LIMITED OFFICIAL USE

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THE INVESTMENT THAT HAS BEEN MADE IN THIS SECTOR IN RECENT YEARS, AND THE DELIBERATE (AND EXPENSIVE) EFFORT ON THE PART OF THE GOVT TO STIMULATE THE GROWTH OF A SELF-SUFFICIENT INDIGENOUS INDUSTRY PRODUCING ALL TYPES OF VEHICLES AND COMPONENTS, IT IS HARD TO BELIEVE THE GOV WILL ACCEPT THE JUNTA'S PROPOSALS WITHOUT INSISTING ON MODIFICATIONS OF SOME SORT.

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Message Attributes

Automatic Decaptioning: X
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Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRODUCTION, POLICIES, AUTOMOBILES
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Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Executive Order: N/A
Errors: N/A
Expiration:
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SAS ID: 3514816
Secure: OPEN
Status: NATIVE
Subject: CONTROVERSY MOUNTS OVER ANCOM AUTO ASSIGNMENTS
TAGS: EIND, ECIN, VE, ANCOM
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